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102D CONGRESS
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SENATE

REPORT
102-5

VETERANS UNEMPLOYMENT COMPENSATION

JANUARY 31 (legislative day, JANUARY 3), 1991.—Ordered to be printed

Mr. NUNN, from the Committee on Armed Services, submitted the following

REPORT

[To accompany S. 160]

EXTENDING UNEMPLOYMENT COMPENSATION BENEFITS FOR FORMER MEMBERS OF THE ARMED FORCES SERVING IN CONNECTION WITH THE PERSIAN GULF CONFLICT

The Committee on Armed Services reports favorably S. 160, with an amendment, to provide certain benefits for members of the armed forces performing service in connection with Operation Desert Shield, Operation Desert Storm, and for other purposes; and recommends that the bill do pass.

PURPOSE OF THE BILL

This bill would provide certain improvements benefits for military personnel. These improvements are targeted primarily to active component personnel and National Guard and Reserve component personnel serving or activated for duty in Operation Desert Shield and Operation Desert Storm. The provisions of this bill complement the set of improvements for military personnel serving in Operation Desert Shield provided in the National Defense Authorization Act for fiscal year 1991.

COMMITTEE PROCEEDINGS

S. 160, introduced by Senator McCain, to extend the period of unemployment compensation for individuals involuntarily separated from the armed forces was considered favorably during the Committee's markup session on January 30, 1991.

49-010

S203-4

SPECIFIC PROVISIONS

Section 1(a) of this bill would make the unemployment compensation for separated military personnel equal to the coverage for civilian personnel. Currently, separated military personnel who are unemployed four weeks after being separated from military service are eligible for up to 13 weeks of unemployment compensation. This provision would make such individuals eligible for unemployment compensation one week after their separation from active military service and extend the period of unemployment compensation to up to 26 weeks, the same number of weeks for which civilian workers are eligible.

This section is directly related to military personnel affected by Operation Desert Shield and Operation Desert Storm. To meet the manpower requirements of the Persian Gulf the military services have instituted "stop-loss" policies that have resulted in the involvuntary extension of military personnel on active duty beyond their active duty service obligation dates. This has created substantial turbulence for this group of individuals, many of whom made post-service employment or education plans that have had to be suspended. The Committee believes that when the "stop-loss" is ended, many military members will be separating from active military service with no security of immediate employment. This section would provide a safety net for these individuals.

Section 1(b) of this bill would make it clear that the expenditures in this bill are emergency expenditures resulting from Operation Desert Shield and Operation Desert Storm as provided in the budget summit agreement. Emergency expenditures, whether related to these operations or not, are exempt from the relevant sequestration provisions if they are designated as emergency expenditures in statute. Section 251(b) (2) (D) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901 et seq.), as amended by Public Law 101-508, provides for the treatment of emergency discretionary expenditures, including those related to Operation Desert Shield. Section 252(e) of that act provides for the treatment of emergency direct spending. Defense discretionary expenditures that exceed the statutory cap in the Budget Summit Agreement (enacted as the Omnibus Budget Reconciliation Act of 1990, Public Law 101-508) will trigger a sequester in order to keep defense discretionary expenditures at or below the cap. Expenses related to Operation Desert Shield are exempt from this cap, however. Any new direct provisions of the budget agreement which require that spending legislation be deficit-neutral over a five-year period. Emergency expenditures are also exempt from this requirement.

The focus of this bill is on benefits for Desert Shield and Desert Storm personnel in fiscal year 1991, which are exempt under the budget agreement. While there are expenditures beyond fiscal year 1991 authorized in this legislation, the Committee notes that none of these expenditures will have the effect of increasing defense spending above the levels in the budget agreement once Operation Desert Shield/Desert Storm is over, because any expenditures will be funded out of the total amount appropriated for defense each year. Those appropriations are constrained by the caps in the

budget agreement, and those caps are not affected by this legislation.

COMMITTEE ACTION

In accordance with the Legislation Reorganization Act of 1946, as amended by the Legislative Reorganization Act of 1970, there is set forth below the committee vote to report a bill to provide certain benefits for members of the armed forces performing service in connection with Operation Desert Shield and Operation Desert Storm, and for other purposes.

In favor: Senators Nunn, Exon, Levin, Kennedy, Bingaman, Dixon, Glenn, Gore, Wirth, Shelby, Warner, Thurmond, Cohen, McCain, Wallop, Gorton, Lott, and Coats.

Opposed: None.

Vote: 18–0.

FISCAL DATA

Section 252 of the Legislative Reorganization Act of 1970 requires that the report accompanying each bill reported by a Senate committee contain certain information on five-year cost projections.

The letters received in compliance with this statutory requirement are shown below.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, January 29, 1991.

Hon. SAM NUNN,
Chairman, Committee on Armed Services, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for S. 160, the Veterans Unemployment Compensation Act of 1991, as introduced on January 14, 1991.

This bill would affect direct spending. Therefore, its costs are subject to the pay-as-you-go procedures set up in section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

ROBERT D. REISCHAUER.

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

1. Bill number: S. 160.
2. Bill title: Veterans Unemployment Compensation Act of 1991.
3. Bill status: As introduced on January 14, 1991.
4. Bill purpose: This bill expands unemployment benefits received upon separation from military service.
5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1991	1992	1993	1994	1995
Direct Spending:					
Estimated budget authority	61	115	115	120	120
Estimated outlays	61	115	115	120	120

The costs of this bill fall in various budget functions.

Basis for Estimate

This bill would allow former servicemembers who qualify for unemployment compensation to be eligible for 26 weeks of payments. Current law restricts the payment period to 13 weeks and requires a four-week waiting period. This proposal would increase costs by about 72 percent compared to the amount CBO projects for the current benefit. (Unemployment compensation costs are not expected to increase in proportion to the increase in the payment period because current evidence indicates many recipients find employment before the end of their payment eligibility.)

The cost to the Department of Defense (DoD) for providing the current benefit is about $146 million in fiscal year 1991 and will increase to $169 million by 1995. This amount pays for the benefits of individuals who completed their first term of service but did not reenlist, or were separated from military service primarily for reasons of hardship or unfitness of duty. This estimate assumes that the bill is enacted on March 1, 1991, so costs increase by $61 million in fiscal year 1991, and grow to $120 million by 1995.

6. Pay-as-you-go considerations: Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1995. The benchmark against which changes in direct spending or receipts ae measured is the baseline as described in Section 257 of the 1985 law. The costs of S. 160 are not included in that baseline and therefore are subject to the pay-as-you-go procedures.

7. Estimated cost to State and local government: None.

8. Estimate comparison: None.

9. Previous CBO cost estimate: CBO estimated the costs of S. 2663, the Involuntarily Separated Military Personnel Benefits Act of 1990, on June 28, 1990; S. 2884, the National Defense Authorization Act of Fiscal Year 1991, on July 19, 1990; and H.R. 5386, the Military Personnel Transition Benefits Act of 1990, on October 1, 1990. Each of these bills contained a provision similar to S. 160. The current estimate has been updated to reflect DBO's latest baseline budget projections.

10. Estimate prepared by: Amy Plapp and Cory Oltman.

11. Estimate approved by:

JAMES L. BLUM,
Assistant Director for Budget Analysis.

REGULATORY IMPACT

Paragraph 11(b) of rule XXVI of the Standing Rules of the Senate requires that a report on the regulatory impact of a bill be

included in the report on the bill. The committee finds that there is no regulatory impact in the case of the bill reported by the committee.

CHANGES IN EXISTING LAW

Pursuant to the provisions of paragraph 12 of rule XXVI of the Standing Rules of the Senate, the changes in existing law made by certain portions of the bill have not been shown in this section of the report because, in the opinion of the committee, it is necessary to dispense with showing such changes in order to expedite the business of the Senate and reduce the expenditure of funds.

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